Secrets. H.—57—100,000—23-5-52.

Development (1952) Department.

No. SERIES.

G.O. No. 5359

Dated 13-12-1952

[Despatch Abstract.]

Textiles — Mill cloth — Stocks with dealers whose licences are suspended or cancelled — Disposal procedure — Amplification — ordered.

GOVERNMENT OF MADRAS

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ABSTRACT

Textiles-Mill cloth-Stocks with dealers whose licences are Suspended or cancelled-Disposal-Procedure-Amplification-Ordered.

x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x-x- - -x-x-x-x-x-x-x-

DEVELOPMENT DEPARTMENT

G.O.Ms.No.5359 Dated 13.12.1952.

Read the following:

G.O.Ms.No.4229 Development dated 10.10.1952.
From the Collector of Madras D.1.3280/52 dated 5.11.52
From the Director of Controlled Commodities Rc.
C.2.112231/52 dated 8.11.52.

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ORDER:

In G.O.Ms.No.4329 Development, dated 10.10.52 the Government prescribed the procedure to be followed for the disposal of cloth or yarn with the dealers whose licences were suspended or cancelled. The Director of Controlled Commodities has raised certain points for clarification and the Government pass the following orders thereon:—

1. According to item (1) of the procedure the Collectors and the Director of Controlled Commodities may grant reasonable time with further extension, if necessary, for disposal of stocks with the dealers. The Director of Controlled Commodities submits that in certain cases it may not be desirable to allow the dealers to continue in business for disposal of the stock with them and that in such cases the Collector should have discretion to transfer the stocks to other licencess who might be willing to take over the stocks. The Government agree with the Director of Controlled Commodities and consider that in the case of dealers who cannot be relied upon to carry out business according to the provisions of the control orders and instructions issued thereunder, transfer of stocks to other licensees who are willing to take over may be ordered by the Collector, but that such transfer should be of the entire stock as piece meal choice may not be fair to the old licensee.

2. According to item (2) of the procedure an applicant who agrees to take over all the stocks at controlled rates may be appointed as a substitute in the place of a dealer whose licence is cancelled. The Director of Controlled Commodities points out that the procedure does not clearly state whether the stocks with the licensees can be transferred to other licensees existing in the trade, if they are willing to take over the stocks or whether on y new licensees should be chosen for the purpose. The Government consider that stocks can be transferred to other existing licensees also provided th t they are willing to take over the entire stocks.

The Director of Controlled Commodities requests orders whether in granting fresh licence only a regular licence or a "N" licence should be issued to the substitute to be appointed. He points out that if a

regular licence is meant by Government then the orders in G.O Ms.3741 Development dated 27.8.52 banning the issue of regular licences may be suitably amended, and that if only not quota licences are to be issued, then no one would be willing to take the old stocks of the previous dealer, especially now, when there is a slump in the market and also because a 'N' licence can be obtained easily without the trouble of carrying the burden of the old dealer. The Director of Controlled Commodities therefore presumes that the term 'substitute' indicates the grant of a regular licence only. The Government confirm the presumption of the Director of Controlled Commodities, The fresh regular licence to be issued should be of the same class as that of the one cancelled. If it is proposed to appoint a regular substitute the Collector may submit proposals to the Government for issue of a regular licence to an applicant, who is willing to take over the entire stocks of the old dealer in whose place the applicant is proposed to be appointed. The orders in G.O.Ms.3741 Development, dated 27.8.52 will stand modified to this extent.

The Director of Controlled Commodities points out that transfer of stocks at controlled rates will not arise in the case of decontrolled items and suggests that cost price may be adopted as a more appropriate one. The Government agree with the Director of Controlled Commodities' views and direct that transfer of stocks be made at cost price.

3. According to item 3 of the procedure, auction of stocks should be restored to only when it is not possible to get them disposed of by the dealers within the time allowed or transferred to the new dealer appointed in the place of old one. In modification of this procedure the Government direct that auction should be resorted to only when the stocks are not disposed of within the time allowed or transferred to any of the existing licensed dealers who are willing to take over the entire stocks or to a new dealer appointed in the place of the old one.

4. Necessary amendments to the Madras Cloth (Dealers) Control order, 1948, with reference to the above orders will be issued separately.

(By order of etc., etc)

J.M. Lobo Prabhu,
Secretary to Government

To the Director of Controlled Commodities.
" all Collectors.

/True Copy/

R. Narayanappa 26.4.56
Superintendent
Madras Record Office

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